

**JERRY ANDERSON  
CLEAN-COAL CONFERENCE  
KEYNOTE ADDRESS**

**JANUARY 8, 1997**

Thank you, Chuck, and good morning everyone.

On behalf of our sponsors, and your host utility, I'd like to welcome you all to Tampa and the Fifth Annual Clean Coal Technology Conference.

Tampa Electric is extremely proud to serve as host for this prestigious international conference on "clean-coal technologies that will power the next millennium."

The focus of this conference is the presentation of innovative strategies for the 21st Century that will meet the demands for electric power, economic viability and environmental awareness – all connected with the use of coal.

It promises to be an exciting and informative conference.

Now, let me tell you a little about your host city. Tampa is the business and financial hub of West Central Florida and one of the fastest-growing urban areas in the country.

The Tampa-St. Petersburg metro area is the largest in Florida, with more than two million people.

In fact, it's the second largest in the Southeast behind only Atlanta, and 19th in size in the country.

Many high-tech and high-quality companies agree this is a prime location for business, and have established substantial operations here.

Companies such as Time, Salomon Brothers, Citibank, Disney, Capital One and Beneficial.

There's also a business and construction boom going on in downtown Tampa, particularly along our waterfront.

Our Florida Aquarium celebrates its second anniversary next month, having drawn well over a million visitors since its opening in 1995.

A few blocks away, hockey fans and concert-goers are flocking to the Ice Palace, our new 21,000-seat downtown arena.

Another one of our community's major assets, particularly as a business resource, is the University of South Florida.

A major public university that's leading our state into the 21st Century, USF has also been on the cutting edge of research, innovation and developing new technologies.

Citing just one example, the university's College of Engineering has been actively engaged in the Nineties with Florida's key utilities, including Tampa Electric Company, in researching solar power and electric vehicles.

And, Tampa Electric has worked closely with USF in researching and demonstrating advanced electric technologies at our Electric Technology Resource Center, located on the university's main campus in Tampa.

I hope you have a chance while you're here to see some of the places I've mentioned and more of our beautiful Tampa Bay area, and why we're proud to call it home.

Tampa Electric Company has served the energy needs of this growing and dynamic Tampa Bay market since 1899.

Today, the utility has more than half-a-million customers and close to 3,000 employees.

Tampa Electric's parent company, TECO Energy, is also headquartered here in Tampa. It is one of Florida's largest utility holding companies.

TECO Energy's stock is publicly traded on the New York Stock Exchange and is owned by more than 33,000 shareholders.

Besides Tampa Electric, TECO Energy's family of energy-related companies are involved in water transportation, coal mining, natural gas production, home automation and energy management, engineering and energy services, and wholesale power generation. We have facilities and offices in several states, and in Central America.

Our family of diversified companies experienced rapid growth in 1996.

Last month, we acquired a Tampa-based engineering and energy services company, which provides a wide range of services to commercial customers throughout Florida and in California.

And, in November, TECO Energy agreed to merge with Lykes Energy, the Tampa-based parent of Peoples Gas System, Florida's largest natural gas distribution company.

We expect to complete the merger by the middle of this year. And when we do, we will add Peoples' 1,100 employees, 200,000-plus customers and \$300-million in revenues to our diversified business base.

Now, to the subject of this conference, how clean-coal technologies will power the next millennium.

During the conference, you'll have the opportunity to see first-hand how Tampa Electric and the Department of Energy are meeting that 21st Century challenge at the Polk Power Station.

This 250-megawatt, power generating facility, located about 40 minutes east of Tampa in southwestern Polk County, demonstrates the value of public-private partnerships – like ours between the DOE and Tampa Electric.

We are extremely pleased and appreciative to have the DOE as partners in this project, and for bringing this fifth annual clean-coal conference to Tampa.

The DOE has played a key role in the success of the project by co-funding its innovative technology – providing \$140 million through its Clean Coal Technology Program to demonstrate this first-of-its-kind technology application.

DOE's partnership and commitment is enabling us to apply these advanced power generation technologies commercially for the first time.

And, we look forward to hearing the DOE perspective on the Polk project and the future of clean-coal technologies from DOE Secretary Hazel O'Leary on Friday, when she helps us formally dedicate the Polk Power Station.

The Polk project also is the product of another successful public-private partnership that broke new ground in the selection of a site for this new power plant.

In fact, it's the first U.S. power plant ever located through community input.

Seven years ago, we gave the people in this community a real voice in where we would build our next power plant.

We relied upon the recommendations of a citizens power plant siting task force to determine the best location for this facility.

Meeting and working in the sunshine, an independent coalition of educators, business and community leaders and environmentalists evaluated 35 potential power plant sites in six West Central Florida counties. They did that over a year's time, before recommending three inland Polk County locations.

Tampa Electric followed the task force's recommendation even though the site that group selected did not meet traditional economic evaluations.

The site we selected DID, however, have the least impact on the environment and the surrounding community.

I expect it is also the lowest overall cost because of the relative ease and speed of its permitting process.

For this innovative work, the Siting Task Force and Tampa Electric garnered a number of environmental awards, including the 1991 Florida Audubon Society Corporate Award, the 1993 Timer Powers Conflict Resolution Award from the state of Florida and the 1993 Ecological Society of America corporate award.

We also received praise from government leaders, utility regulators and the news media for putting this critical choice in the hands of the public.

The Polk Power Station operating today is one of the cleanest, most efficient and economical coal-fired plants in the U.S.

The plant went on line this fall on schedule and on budget, just two years after tthe start of construction.

At Tampa Electric, we are very proud of having been able to bring this \$500-million project into our utility rate base with NO increase in prices to our customers.

Last year, the Florida Public Service Commission approved an innovative proposal, which will freeze Tampa Electric's base rates through 1999.

And, the plant actually reduces the average cost of electricity because of its high thermal efficiency and use of low-cost coal.

For Tampa Electric, the Polk Power Station means a clean, economic and efficient source of power – 10-12 percent more efficient than conventional, coal-fired units, and the first unit on Tampa Electric's system to dispatch.

At the same time, we've taken several steps to protect, preserve, and in fact, enhance, the area's environment.

The Polk project was the first utility power plant ever built on old phosphate mining land.

We started our environmental efforts by reclaiming the property, planting some 200 acres of trees and creating 600 acres of lakes.

We've minimized the plant's impact on its immediate surroundings by establishing a protected 1,500-acre recreational preserve, which includes wetlands, uplands and five fishing lakes that will be managed by the Florida Game and Fresh Water Fish Commission.

This expansive natural habitat also provides space for nesting bird islands and osprey platforms.

So, at the Polk Power Station, we're balancing the need for a healthy, diverse environment, with the need for a reliable, efficient energy supply.

The plant's clean-coal technology meets the latter need by fully integrating two leading technologies: combined-cycle turbine, which is the most efficient commercially available method of producing electricity, and coal gasification, which converts coal into a clean-burning synthetic gas.

This project differs from other integrated-gasification, combined-cycle, or IGCC, plants, because it will be completely integrated – from coal gas production to turbine generator operation.

For example, Tampa Electric owns and operates the 150-ton-per-hour air separation unit.

Pure oxygen is required for the operation of the coal gasifier to produce the synthetic gas, which is burned in the combustion turbine.

The high-pressure nitrogen product from the unit is piped to the combustion turbine, generating additional electricity, lowering the combustion temperature and thereby reducing the formation of nitrogen oxides.

By integrating the plant, we'll enhance the high-efficiency of the facility's combined-cycle with the low cost of coal for its fuel.

This plant represents the most advanced electric technology from the power generation side. Now, I'd like to share with you how Tampa Electric is applying advanced electric technologies at the point of end use.

It's happening today at our utility's Electric Technology Resource Center.

The ETRC, located adjacent to the main entrance of the University of South Florida, is Florida's first full-service demonstration facility for electric technologies.

The ETRC is an interactive demonstration facility that allows Tampa Electric's business customers – restaurants, retailers, manufacturers – to come in and try out the newest technologies before they invest and change their methods of operation.

The ETRC features three demonstration areas: One for advanced electric technology, one for commercial foodservice and a lighting display center.

Since it opened just over a year ago, the ETRC has held over 1,000 seminars and events for manufacturers, vendors and business customers; welcomed more than 4,000 visitors; and partnered with more than 100 electric technology equipment makers.

There will be a tour of the ETRC for conference delegates this afternoon, and I hope you'll take the opportunity to visit this showplace for exciting new electric technologies.

Tampa Electric expects that these technologies will increase our customers' competitiveness, improve their productivity and strengthen our area's economy.

And, that's especially important for electric utilities as the industry changes into a more competitive marketplace.

All of us with an interest in coal as a source of energy, should also recognize that this changing political and business environment could affect utilities' use of coal in the 21st Century.

Certainly, any legislative or regulatory change in the way utilities do business has the potential for a major impact on the coal industry.

In the United States, coal will remain the major primary fuel source for the foreseeable future.

What is not clear is the share of new source electric generation that will be coal fired.

Part of this uncertainty is caused by changing environmental regulation.

These environmental concerns are successfully being addressed by the clean-coal program through projects such as our Polk IGCC plant.

However, global competitive pressures are forcing changes in the electric utility business. You will be hearing about those changes at this conference.

In general, I believe increased competition should result in greater utilization of existing coal-fired plants because of their low incremental cost.

The probable near-term effect on the coal industry is positive, with an increase in demand. It is more difficult to estimate the long-term effect.

Changes in the regulatory environment will make it more difficult for utilities to make large, long-term capital commitments.

This uncertainty about the future is the negative that faces the coal industry and the advancement of clean-coal technologies for the longer term.

The initial investment in a clean-coal gasification plant is three times the investment in a natural gas or light oil-fired plant.

Even though that higher initial cost is more than paid off over the life of the plant, it is still a difficult investment decision.

Let me quickly add that I believe we have found the successful formula here in Florida.

As you have heard, we serve a growing community that is environmentally aware.

We have no easy inexpensive sources of energy here, and we simply must provide affordable energy that makes our businesses competitive in a world market.

The coupling of our nation's abundant coal resources with the technology you will see here has allowed us to meet all of these challenges.

Yes, it took thought and care and planning. But with the help of many of you and with the support of the Department of Energy, we have achieved our goal:

- A new source of electric energy, competitively priced – clean, reliable and ready to fuel our future growth.

I know you will benefit from the insights you gain at this conference.

I hope you like what you see here in Florida, and that you enjoy your stay in Tampa.

– END –